

IMMEDIATE

~~TOP SECRET~~ / 250620 Z APR 73

EYES ONLY TEHRAN

TO: DR. HENRY A. KISSINGER, WASHINGTON

FROM: AMBASSADOR RICHARD HELMS, TEHRAN

1. FOLLOWING IS FOR INFORMATION OF THE PRESIDENT AND YOU.

2. AT AUDIENCE ON 24 APRIL FOR SECRETARY RUSH AND SISCO, THE SHAH RAISED THE SUBSTANCE OF TEHRAN 061. THIS TIME, HOWEVER, HE PUT FORWARD HIS SUGGESTION IN CONTEXT OF POSSIBLE RESPONSE TO YAMANI INTIMATION THAT SAUDI ARABIA MIGHT LIMIT OIL PRODUCTION UNLESS QUOTE THE RIGHT POLITICAL ATMOSPHERE UNQUOTE IS ACHIEVED. SHAH FURTHER STRESSED THAT SOME MOVE OF THIS SORT WOULD QUIET DOWN SADAT, THUS KEEPING HIM FROM SOME QUOTE SUICIDAL UNQUOTE MILITARY VENTURE AGAINST ISRAEL.

3. AT SAME AUDIENCE SHAH INDICATED HE WANTED TO SEE PROMPT AGREEMENT REACHED IN OIL NEGOTIATIONS. HE STATED THAT IN HIS OPINION OIL COMPANIES HAVE NOTHING TO GAIN BY DELAY. HE CONTENDS THAT HE DOES NOT WANT TO DRIVE UP CRUDE OIL PRICES EXCEPT TO THE EXTENT THAT HE DOES NOT WANT TO BE DISADVANTAGED BY DEVALUATION AND THAT HE EXPECTS REVENUES COMPARABLE TO THOSE WORKED OUT WITH OPEC UNDER PARTICIPATION ARRANGEMENTS. PUT ANOTHER WAY THE SHAH REALIZES THAT IF HE DRIVES CRUDE

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OIL PRICES TOO HIGH, IT WILL BE REFLECTED IN THE COST OF GOODS HE MUST BUY AND IMPORT FROM U.S., EUROPE, AND JAPAN. THIS HE FEELS HE SHOULD AVOID, CERTAINLY AT THIS JUNCTURE.

4. NEW SUBJECT: I STRONGLY RECOMMENDED TO SECRETARY RUSH, AT END OF SUCCESSFUL NEA CHIEF OF MISSIONS CONFERENCE HERE, THAT U.S. DIPLOMATIC REPRESENTATION IN PERSIAN GULF BE UPGRADED. AS OF NOW OUR AMBASSADOR IN KUWAIT IS ACCREDITED TO OMAN, UAE, BAHRAIN, ETC., WITH POLITICAL OFFICER (CALLED CHARGE D'AFFAIRES) PERMANENTLY ASSIGNED. IT STRIKES ME THAT IT WOULD BE GOOD SIGNAL AND FLATTER ARAB SENSIBILITIES IF <sup>RESIDENT</sup> AMBASSADOR WERE ACCREDITED TO UAE AT LEAST. ON OTHER SIDE OF COIN, OUR PRESENT DIPLOMATIC POSTURE LOOKS WEAK PARTICULARLY IF ANYTHING UNTOWARD WERE TO HAPPEN IN AREA.

5. WARM REGARDS AS ALWAYS.

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RELEASING OFFICER:

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